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UNCLAS SECTION 01 OF 04 COLOMBO 001724

SIPDIS

SENSITIVE

DEPT FOR SA, SA/INS

PLEASE PASS TO USAID/ANE/AA, GORDON WEST;
USAID/ANE/ESA, BERNADETTE BUNDY, USAID/ANE/SA,
CHARLES UPHAUS, AND USAID/DCHA/OTI, RACHEL WAX.

E.O. 12958: N/A

TAGS: [EAID](#) [PTER](#) [CE](#) [LTTE](#)

SUBJECT: USAID STAFF DISCUSS WORKING LEVEL ISSUES WITH LTTE

REF: STATE 256563

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY.

SUMMARY

1. (SBU) Per recent State Department guidance approving operational/working level discussions with counterpart LTTE representatives (reftel) and based on a September 18 meeting between the Embassy's front office and USAID Sri Lanka staff, on September 29 and 30 two USAID staff held meetings with LTTE officials in Jaffna and Kilinochchi to discuss specific issues related to USAID grant implementation in Jaffna. The meetings were cordial, did not stray from the specific operational issues at hand, and resulted in a clear understanding about how USAID's Office of Transition Initiatives (OTI) will move forward on grant implementation in Jaffna. USAID also tried to schedule an appointment with the LTTE in Trincomalee to introduce the OTI head of office there to local LTTE representatives. This meeting did not happen, however, due to the absence of the designated LTTE official in Trincomalee. END SUMMARY.

BACKGROUND

2. (SBU) To date OTI has been constrained from implementing grants in Jaffna due to the LTTE's direct taxation of local Jaffna businesses and an existing tariff system on goods being transported on the A9 highway through the Vanni. This is an LTTE-controlled area that links the Jaffna Peninsula with government-controlled areas to the south. USAID has been aware of the existence of a tax-exempt system for donors and other international organizations routing goods up the A9. Until the recent State Department guidance, USAID was unable to talk directly with the LTTE to get this needed tax-exempt status. USAID attempted to obtain such a waiver via the GSL government agent (GA) in Jaffna, but this process proved to be opaque and slow.

JAFFNA FIRST

3. (SBU) With Embassy clearance, the USAID/OTI Sri Lanka country representative and the USAID Sri Lanka special projects officer, joined by a local staff who handles Jaffna for OTI, flew to Jaffna on September 29 for a scheduled meeting with the LTTE. The team first visited the GA in Jaffna to thank him for his attempts to expedite the movement of USAID goods up the A9 highway and to inform him about the planned meeting with the LTTE. The USAID staff then drove to the LTTE office in Jaffna in a clearly marked diplomatic vehicle.

4. (SBU) The USAID staff were met by Mr. Emayavan, who introduced himself in English as the office's "liaison officer." [note: the USAID staff had been told the previous week, when setting up a meeting over the phone from Colombo, that Mr. Emayavan is affiliated with the Jaffna NGO consortium and would join the scheduled meeting with Mr. Eelampadavi, head of the LTTE's Jaffna representative office. End note]. Though Mr. Emayavan offered his services as a translator, the USAID special projects officer, who speaks Tamil, led the conversation at the OTI country representative's request.

5. (SBU) For the official meeting, Mr. Chemanan, the deputy LTTE representative for Jaffna district, led from the LTTE side. He explained in Tamil that Mr. Eelampadavi had been called to Kilinochchi for an urgent meeting and sent his apologies for being absent. USAID staff introduced themselves by

presenting business cards and describing USAID as a U.S. government organization with a program in Sri Lanka supporting rehabilitation and development projects in various parts of the island, including Jaffna. The USAID staff mentioned a few of the activities USAID has funded in Jaffna such as rebuilding war-damaged schools in Chavakachcheri, rehabilitating a chicken farm in Varani, and providing boats and nets to fishermen in Karainager Island.

¶6. (SBU) Mr. Chemanan was attentive to the conversation and responded by saying that USAID's work, as described, was "very important for the people of Jaffna. we are glad you are here." He continued by saying that the LTTE would make every effort to cooperate and support USAID in any way possible. With that invitation, the conversation shifted to the subject of taxation, specifically as it applied to the supplies USAID needs for projects in Jaffna. After USAID staff laid out the need to have a tax-free arrangement for moving goods up the A9, Mr. Chemanan said emphatically that the LTTE would not tax any of USAID's projects in Jaffna, "no matter how many hundreds of thousands of rupees" were involved. This response was in line with USAID's understanding of the LTTE's current policy regarding supplies moved into Jaffna for rehabilitation and development work by any international agency.

¶7. (SBU) The hour-long meeting ended with Mr. Chemanan suggesting that the USAID staff meet with the LTTE's NGO coordinator in Kilinochchi, Mr. Thiyagarajah, to make arrangements for tax-free transport of supplies to Jaffna. He agreed to call ahead to schedule a meeting early in the afternoon. Furthermore, he suggested that USAID return to Jaffna some time in the future to talk with Mr. Eelampadavi. No firm commitments were made, but USAID staff expressed their interest in continuing the conversation regarding operational issues related to USAID programming in Jaffna.

ONWARDS TO KILINOCHCHI -----

¶8. (SBU) USAID staff left Jaffna and proceeded to Kilinochchi along the A9 highway, a two-hour journey. The LTTE political wing and civil administration complex there is a series of mostly new, one-story buildings along a dirt road on the east side of the A9 highway just north of the Kilinochchi town center. A fence of barbed wire and metal sheeting, well over head high, obstructs the view from the road.

¶9. (SBU) The USAID vehicle stopped in front of the political wing headquarters, where an unarmed young man in what seemed to be a gunmetal blue LTTE police uniform was posted near an alley. USAID staff greeted him in Tamil, introduced themselves with business cards and asked for Mr. Thiyagarajah. With a smile, the man escorted the USAID staff down an alley to a civil administration office. At that office the USAID staff were greeted by another English-speaking "liaison officer," a retired civil servant from the department of health in Trincomalee.

¶10. (SBU) Mr. Thiyagarajah soon joined the group and was extremely cordial from the outset. With the USAID special projects officer facilitating the meeting in Tamil, USAID staff gave the same cursory introduction and explanation of USAID as given in Jaffna. As in Jaffna, there was no mention of USAID's inability to work in LTTE-controlled areas, and Mr. Thiyagarajah did not ask. He explained that he was the head of the LTTE's "INGO coordination office," which is part of the organization's civil administration. His job is to interface with representatives from INGOs, which it appeared he assumed us to be, and handle matters like the one being discussed - taxation of goods for rehabilitation and development projects.

¶11. (SBU) USAID staff gave him a brief overview of current projects in Jaffna and explained that USAID did not pay taxes to the Sri Lankan government for supplies procured as part of its assistance activities, and it could not by U.S. law pay such taxes for supplies being transported through the Vanni. USAID staff did not offer any more details, and Mr. Thiyagarajah never pushed the issue. "I understand," he said, smiling. In terms of a system for waiving LTTE taxes, Mr. Thiyagarajah said that it would be possible to get such a waiver but that it would have to be on a shipment-by-shipment basis, as is the case with other INGOs and international

agencies. He explained exactly how the system works and clarified a number of questions asked by the USAID staff. Essentially the INGO coordination office clears a list of items for individual grants and then routes the list to the LTTE customs officer for a signature. The process is straightforward though it requires someone on the USAID side to walk the paperwork through the system. It can be done in one day.

NO MEETING IN TRINCOMALEE

¶12. (SBU) On September 30 the USAID/OTI Sri Lanka country representative, the USAID Sri Lanka special projects officer, and the USAID/OTI head of office in Trincomalee went to the LTTE Trinco office for a meeting that had been requested by letter after much difficulty in getting any commitment over the phone. While the Jaffna and Kilinochchi meetings revolved around a clear discussion on a particular operational issue, the Trincomalee meeting was deemed necessary in order to brief the local LTTE office about USAID/OTI's new office in Trincomalee and planned activities in the area. The meeting was also intended as a way to introduce the USAID/OTI Trinco head of office to the LTTE and to clearly state that issues related to the OTI program in Trincomalee should be addressed to her as opposed to any of OTI's local staff.

¶12. (SBU) Despite numerous efforts to confirm the Trinco meeting, upon arrival at the LTTE office the USAID staff were informed that the LTTE representative, Mr. Thilak, was not in town and that no one else in the office was authorized to meet with official visitors. The USAID staff left business cards and stated that the meeting could be arranged at a later date.

¶13. (SBU) It turned out that Mr. Thilak was in fact in Trincomalee, and shortly after the USAID staff left to return for Colombo he called the USAID/OTI Trincomalee office to say that he was available to meet immediately. He was extremely apologetic about any miscommunication over the planned meeting and offered to come to the USAID/OTI office immediately to meet. Unfortunately by the time the USAID/OTI office staff was able to inform the USAID Sri Lanka staff via mobile phone, they were too far out of Trinco to return. USAID/OTI Trincomalee informed Mr. Thilak that the meeting would need to be rescheduled. In all likelihood the meeting will take place sometime during the week of October 6.

COMMENT

¶15. (SBU) The most lasting impression from the exchanges at several LTTE offices was that the LTTE was open to the type of working-level discussions directly related to projects in government-controlled areas of the north and east that USAID initiated through this trip. People were extremely cordial and welcoming, probably partly due to the fact that from the onset the meetings were conducted in Tamil and on the USAID side there was an American Tamil speaker who has long years of experience in different parts of Sri Lanka. It also seemed clear that the LTTE interlocutors were not fully aware of the significance of these conversations for USAID Sri Lanka and the larger USG presence in the country - i.e. the first operational level engagement since the LTTE was placed on the list of FTOs.

¶16. (SBU) Contributing to this impression was the likelihood that the LTTE interlocutors, despite seeing a vehicle with diplomatic plates and being presented with official business cards, mistook the USAID staff to be INGO personnel. The substance of the conversations were strictly work related and never pushed or pulled into the political arena. The USAID staff did nothing to disabuse them of this notion.

¶17. (SBU) The USAID special projects officer, who had worked in the north of Sri Lanka with international agencies from early 1994 through mid-2002, was struck by the relaxed security atmosphere of the LTTE political office in Jaffna and the political-civil administration compound in Kilinochchi. In stark contrast to the past, there were almost no armed guards or sentries visible. Civilian access to these places, particularly in Jaffna, seemed much less restricted. This could reflect a growing distinction between the military,

political and civil administration arms of the LTTE,
or at least the desire to have such boundaries
perceived, whether real or imagined.

LUNSTEAD